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**SURVEY of CURRENT BUSINESS**

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# **SURVEY of CURRENT BUSINESS**



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*An Examination of the Low Rates of Return  
of Foreign-Owned U.S. Companies*

U.S. DEPARTMENT OF COMMERCE ~ ECONOMICS AND STATISTICS ADMINISTRATION

BUREAU OF ECONOMIC ANALYSIS



# SURVEY of CURRENT BUSINESS

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It incorporates data from the following monthly BEA news releases:

U.S. International Trade in Goods and Services (February 18),  
Gross Domestic Product (February 25), and  
Personal Income and Outlays (February 28).

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## *Special in this issue*

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### Accounting for Renewable and Environmental Resources

[Reprint of chapter 4 of *Nature's Numbers: Expanding the National Economic Accounts to Include the Environment*]

*Last summer, a blue-ribbon panel of the National Academy of Sciences' National Research Council completed a congressionally mandated review of BEA's prototype integrated economic and environmental accounts. As part of its promise to inform users of the results of this evaluation, BEA is reprinting chapters from the panel's final report.*

### An Examination of the Low Rates of Return of Foreign-Owned U.S. Companies

*In 1988–97, the average rate of return on assets (ROA) of foreign-owned nonfinancial companies, at 5.1 percent, was 2.2 percentage points below that of U.S.-owned companies; over the period, the ROA gap narrowed to about 1 percentage point in 1997. Among several factors that may help explain the lower ROA of foreign-owned companies, age and market share were found to be significant, and industry mix and shifting of profits outside the United States using transfer prices were found to be relatively insignificant. These findings are based on newly developed estimates of the rate of return for foreign-owned U.S. nonfinancial companies that are disaggregated by industry and valued in current-period prices.*

## *Regular features*

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### Business Situation

*Real GDP increased 6.9 percent in the fourth quarter of 1999, according to the "preliminary" estimate; the "advance" estimate issued last month had shown a 5.8-percent increase. The upward revision reflected upward revisions to consumer spending, to State and local government spending, to exports of goods, and to private nonfarm inventory investment. The price index for gross domestic purchases increased 2.3 percent in the fourth quarter, the same as the previously published increase.*

— Continued on next page —

### Federal Personal Income Tax Liabilities and Payments, 1959–97

*BEA's estimates of Federal personal income tax liabilities and payments have been revised, beginning with 1959, to incorporate the results of the recent comprehensive revision of the NIPAs and newly available tax return data from the Internal Revenue Service. Since 1992, the differences between liabilities and payments have generally been small; in 1997, payments exceeded liabilities by \$2.3 billion.*

### Federal Budget Estimates, Fiscal Year 2001

*Each year, BEA prepares a "translation" of the administration's budget that puts the budget's receipts and outlays on a basis that is consistent with the framework of the NIPAs. For fiscal year 2001, the Federal current surplus on the NIPA basis would be \$171.1 billion, compared with the surplus of \$184.0 billion in the administration's budget. The budget estimate of receipts would exceed the NIPA estimate of current receipts by \$2.4 billion, and the NIPA estimate of current expenditures would exceed the budget estimate of outlays by \$10.5 billion.*

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## *Reports and statistical presentations*

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Errata: Industrial Composition of State Earnings in 1958–98

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### LOOKING AHEAD

✿ ***Revised NIPA and Related Estimates.*** Revised NIPA estimates for 1929–58 and revised estimates of fixed assets and consumer durable goods for 1925–98 that reflect the recent comprehensive NIPA revision will be presented in the April SURVEY.

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